

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90

**COMMENTS OF ADTRAN, INC.**

ADTRAN, Inc. (“ADTRAN”) files these comments addressing the Commission’s proposal to further enlarge the Connect America Fund (“CAF”) budget to support broadband deployment by rate-of-return incumbent local exchange carriers that choose the option of receiving support based on the Alternative Connect America Cost Model (“A-CAM”).<sup>1</sup> As explained below, ADTRAN believes the public interest will best be served by the Commission’s adopting its proposal to further expand the CAF budget by up to \$110 million per year, so that those rate-of-return carriers that elect the second offer of A-CAM support can be fully funded. Such a decision would be the fastest and most efficient way to deploy robust and reliable broadband to the underserved customers in rate-of-return carriers’ territories.

ADTRAN, founded in 1986 and headquartered in Huntsville, Alabama, is a leading global provider of networking and communications equipment. ADTRAN’s products enable voice, data, video and Internet communications across a variety of network infrastructures. ADTRAN’s solutions are currently in use by service providers, private enterprises, government

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<sup>1</sup> *Connect America Fund*, FCC 16-178, released December 20, 2016, 82 Fed Reg 4275 (January 13, 2017) (hereafter cited as “*Order and Further NPRM*”).

organizations and millions of individual users worldwide. ADTRAN thus brings an expansive perspective to this proceeding, as well as an understanding of the importance to individuals, communities and our country of robust and ubiquitous broadband. ADTRAN has been a strong advocate in Commission proceedings to help spur broadband deployment,<sup>2</sup> and has itself launched a gigabit initiative that has far surpassed its goal of facilitating the deployment of 200 gigabit communities by the end of 2015, with over 350 gigabit communities deployed as last year.<sup>3</sup>

There can be little disagreement on the importance of broadband in today's society. Broadband Internet access is critical to education, health care, political discourse, governmental services and economic development in American communities. It is also become essential for households' entertainment and staying connected to friends and family. And while great progress has been made in deploying broadband services to most communities – as ADTRAN has experienced through its Gigabit Communities project<sup>4</sup> -- there are still some communities

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<sup>2</sup> E.g., Comments of ADTRAN in GN Docket No. 15-191, filed September 15, 2015; Comments of ADTRAN in WC Docket No. 10-90 *et. al.*, filed August 8, 2014; Comments of ADTRAN in WC Docket No. 10-90, filed March 28, 2013; Comments of ADTRAN in WC Docket No. 10-90 *et. al.*, filed January 18, 2012; Comments of ADTRAN in WC Docket No. 10-90 *et. al.*, filed April 18, 2011.

<sup>3</sup> See, *Press Release*, "ADTRAN Sets the Nation's Communities on the Path to Gigabit Transformation -- Utilities, MSOs and land developers deliver Gigabit broadband to over 350 communities," <http://phx.corporate-ir.net/phoenix.zhtml?c=67989&p=irol-newsArticle&ID=2178711>; <http://gigcommunities.net/adtran-reaches-200-gigabit-community-milestone/> ("More than 200 communities are now able to access [next-generation gigabit broadband services](#) as a result of ADTRAN's Enabling Communities, Connecting Lives program, ADTRAN announced August 11."); *Light Reading*, August 13, 2014, "Adtran Launches 'Gig Communities' Initiative," available at <http://www.lightreading.com/broadband/fttx/adtran-launches-gig-communities-initiative/d/d-id/710330>. See also, <http://gigcommunities.net/>.

<sup>4</sup> See, note 3, *supra*.

that lack access to robust broadband services. For many areas served by rate-of-return carriers, the economics of low density and challenging terrain renders it impractical to deploy broadband without subsidization. Congress acknowledged the high costs of providing rural service when it extended the 1934 Communications Act's goal of "universal service" explicitly to include broadband services as part of the 1996 Telecommunications Act.<sup>5</sup> And the Commission has sought to implement that policy through its Connect America Fund program for subsidizing broadband services.<sup>6</sup>

While current statistics are not yet available, at the end of 2015, as reflected in the 2016 Broadband Progress Report:

As importantly, there continues to be a significant disparity of access to advanced telecommunications capability across America with more than 39 percent of Americans

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<sup>5</sup> See, generally, 47 U.S.C. § 254(b):

**(2) Access to advanced services**

Access to advanced telecommunications and information services should be provided in all regions of the Nation.

**(3) Access in rural and high cost areas**

Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

<sup>6</sup> *Connect America Fund*, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 17663 (2011), *aff'd sub nom. In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014); *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087 (2016).

living in rural areas lacking access to advanced telecommunications capability, as compared to 4 percent of Americans living in urban areas.<sup>7</sup>

One way in which the Commission is addressing this problem is through the CAF for rate-of-return carriers. And under that program, the Commission provided an option for rate-of-return carriers to elect to receive A-CAM model-based support for a fixed, ten year term in exchange for extending broadband service to at least a prescribed minimum number of eligible locations.<sup>8</sup> The Commission properly determined that providing A-CAM-based support was an efficient and rapid way to deliver broadband service to customers in these rural areas served by rate of return carriers. In adopting the optional A-CAM support, the Commission observed that:

This action will advance the Commission's longstanding objective of adopting fiscally responsible, accountable and incentive-based policies to replace outdated rules and programs.<sup>9</sup>

In the *Order and Further NPRM*, the Commission determined that in light of the considerable interest of rate-of-return carriers in opting for the model-based support and the desire to maximize broadband deployment in these territories, the Commission would increase the A-CAM budget by \$50 million annually. ADTRAN believes that these same considerations militate in favor of the Commission's proposal to further increase the budget by up to \$110

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<sup>7</sup> *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, 31 FCC Rcd 699 (released January 29, 2016) at ¶ 4.

<sup>8</sup> *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order et al., 31 FCC 3087 (2016) (*Rate-of-Return Reform Order*).

<sup>9</sup> *Rate-of-Return Reform Order*, 31 FCC Rcd 3087 (2016) at ¶ 4.

million per year to provide the full amount of the original offer for those carriers that accepted the second offer of model-based support.

As the Commission concluded in its previous decisions, the use of elective, model-based support is an efficient and the fastest means of extending broadband service to the areas served by rate-of-return carriers. Moreover, this approach is the least disruptive, insofar as it avoids the need to structure a transition mechanism to ensure that customers do not lose their voice or broadband services provided by these “carrier of last resort” providers. In the same vein, use of the model-based A-CAM support equitably upholds the bargain that these rate-of-return carriers have honored for many years by serving as the “carrier of last resort” and providing services throughout their communities, in return for subsidies, first under the Commission’s Separations and Settlements system, and later under the explicit Universal Service mechanisms.

For all of these reasons, ADTRAN urges the Commission to expand the CAF budget to provide the full, model-based support for the rate-of-return carriers electing this option. Such a decision would be the best way to rapidly expand broadband services to a greater number of locations, and thus well serve the public interest.

Respectfully submitted,  
ADTRAN, Inc.

By: /s/  
Stephen L. Goodman  
Butzel Long, PLLC  
1909 K Street, NW, Suite 500  
Washington, DC 20006  
(202) 454-2851  
[Goodman@butzel.com](mailto:Goodman@butzel.com)

Dated: February 13, 2017